

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

**Notice DAP-45**

**For:** State and County Offices

**CLDAP Overpayment Processing and Prompt Payment Interest Provisions**

**Approved by:** Acting Deputy Administrator, Farm Programs



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**1 Overview**

**A**

**Background**

County Offices began issuing CLDAP payments on June 1, 1999. The overpayment software was not released with the initial release of the payment software.

Nationwide, approximately 900 producers have changed from single-year to multi-year, or visa-versa, since program determination data was initially uploaded on May 5, 1999. These producers were not downloaded to County Offices during subsequent downloads pending release of the overpayment software.

State Offices have reported a variety of situations that have resulted in producers being overpaid and asked for guidance on how to handle refunds until the overpayment software is available.

Several questions have arisen about the application of prompt payment interest.

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<b>Disposal Date</b>	<b>Distribution</b>
January 1, 2000	State Offices; State Offices relay to County Offices

## Notice DAP-45

### 1 Overview (Continued)

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#### B

##### Purpose

This notice advises State and County Offices:

- that County Release No. 411-S contains the CLDAP overpayment software
  - about how to access the overpayment software options
  - about how to process overpayments for producers whose program changed after the initial program determination download
  - about reasons producers may be overpaid
  - how to handle refunds that have already been refunded by overpaid producers
  - about the provisions of prompt payment interest and how to handle interest payments that have been issued.
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### 2 Accessing CLDAP Overpayment Processing

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#### A

##### County Release No. 411-S

County Release No. 411-S contains the CLDAP overpayment software and is projected to be available in County Offices on or about July 9, 1999. County Offices shall install County Release No. 411-S immediately upon receipt.

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#### B

##### Accessing Menu MHADO2

Menu MHADO2 contains all options for processing CLDAP overpayments. Access Menu MHADO2 according to this table.

Step	Menu	Action
1	FAX250	ENTER "3" or "4", "Application Processing", as applicable.
2	FAX09002	If option 4 was taken on Menu FAX250, then select the appropriate county.
3	FAX07001	ENTER "11", "PFC/Compliance".
4	M00000	ENTER "1", "CAT, NAP, and Disaster".
5	MH0000	ENTER "10", "Crop Loss Disaster Assistance Program".
6	MHAX00	ENTER "4", "Payment Processing".
7	MHADN0	ENTER "3", "Overpayment Processing".

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### 3 Computing Overpayments

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#### A

##### County Office Action

After County Release No. 411-S is installed, County Offices shall compute all CLDAP overpayments by accessing option 1, "Compute Overpayments", on Menu MHADO2.

**Note:** An "ALL" overpayment batch must be completed the first time option 1, "Compute Overpayments", is accessed. Screen MHADOV02 will be displayed requiring users to enter either:

- "Y" to continue with the overpayment batch and compute "ALL" overpayments

**Warning:** An "ALL" overpayment batch can take up to an hour or longer to complete, so users shall ensure that enough time remains in the work day before initiating this process. Once the process is started, users **shall not** cancel the job from the system console.

- "N" to end the process.

The overpayment register will automatically print after all overpayments are computed. A negative register will print if there are not any overpayments.

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#### B

##### Program Determination Changes

Nationwide approximately 900 producers have changed from single-year to multi-year, or visa-versa, since program determination data was initially uploaded on May 5, 1999. Even though both single-year and multi-year are CLDAP programs, they are separate programs for funding purposes. If a producer was **paid** under one program and it has now been determined that the other program is the most beneficial, these producers are now:

- overpaid in the program in which the original determination was made
- underpaid on the new program determination.

Producers in this situation have not been downloaded to County Offices to ensure that actual overpayments were not issued to producers. Determinations for these producers are expected to be downloaded in the near future.

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### 3 Computing Overpayments (Continued)

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#### B

#### Program Determination Changes (Continued)

For producers in this situation, County Offices **shall not** transfer these overpayments to CRS until the producer is listed on the overpayment register with either of the following messages:

- “Program has Changed from Single-Year to Multi-Year”
- “Program has Changed from Multi-Year to Single-Year”.

**Note:** Until these producers are downloaded to County Offices, they will be listed on the overpayment register with message, “Found on Payment History Only”.

After the program determination data is downloaded to County Offices **and** the correct message is listed on the overpayment register, County Offices shall:

- transfer the overpayment to CRS
- ensure that the debt basis code transferred to CRS is “10313”
- process the payment on the new program.

**Note:** “10313” debt basis code cannot be changed.

This process will:

- ensure that a notification letter is not generated
- ensure that the payment for the correct program will be automatically offset to satisfy the receivable that has been established
- generate a CCC-184 or direct deposit transmission record for the balance due the producer.

**Note:** If a producer has been inadvertently paid from both programs, the initial payment will be listed on the overpayment register with message, “Found on Payment History Only”. In this case, the producer is overpaid from the initial program payment and the producer is required to refund the money. These overpayments shall be transferred to CRS with a debt basis code of “10429” and a notification letter shall be mailed to the producer.

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### 3 Computing Overpayments (Continued)

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#### C

##### All Other Overpayments

Producers may also be listed on the overpayment register for any of the following reasons:

- CCC-540 or CCC-540B is not approved for payment
- CCC-540A has been deleted
- single-year acres or production has changed resulting in the producer earning less than was originally paid
- multi-year indemnity amounts have decreased resulting in the producer earning less than was originally paid
- producer has been determined ineligible for payment
- payments have been issued in excess of the producer's payment limitation allocation.

**Reminder:** The program determination file that is downloaded from KCMO does not contain payment amounts. Payment amounts earned by the producer are determined by the data on the single-year and multi-year worksheet files.

For these overpayments, County Offices shall:

- verify that producers listed on the overpayment register are in fact overpaid
  - immediately transfer legitimate overpayments to CRS by accessing option 3, "Transfer Overpayments to CRS", on Menu MHADO2
  - notify producers of the debt according to 58-FI and 67-FI
  - correct conditions causing a producer to be erroneously listed on the overpayment register to ensure that an overpayment is not inadvertently established in CRS.
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## Notice DAP-45

### 4 Handling Refunds

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#### A

##### **Refunds Already Deposited to CCC**

Some State Offices have reported that producers have refunded all or a portion of a CLDAP payment to CCC. In these cases, County Offices were instructed to deposit the refund to CCC on an automated CCC-257 with program code “REFREP”.

“REFREP” is not a program code that can be used for program refunds. All transactions deposited with a “REFREP” program code will generate an exception list from KCMO if not corrected. Therefore, County Offices shall take the following action for all CLDAP refunds deposited with a “REFREP” program:

- transfer the overpayment to CRS according to paragraph 3
  - on the original CCC-257 according to 3-FI, delete the “REFREP” program record previously recorded
  - record a collection on the receivable according to 67-FI
  - ensure that the already prepared CCC-257 with the “REFREP” program code is the CCC-257 referenced when recording the collection
  - reprint CCC-257 on which the original refund was recorded to ensure that the program code for the refund is either 98SYCLDAP or 98MYCLDAP, as applicable.
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#### B

##### **Refunds Submitted But Not Yet Deposited**

If a producer has refunded all or a portion of a CLDAP payment, and the refund has not been deposited to CCC, County Offices shall:

- immediately transfer the overpayment to CRS according to paragraph 3
- record the collection on the receivable according to 67-FI.

**Reminder:** County Offices are not authorized to “hold” program refunds. All refunds shall immediately be deposited to CCC.

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## Notice DAP-45

### 5 Prompt Payment Interest Provisions

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#### A

##### **Prompt Payment Interest Policy**

The Prompt Payment Act does not apply to CLDAP payments. State and County Offices shall not pay prompt payment interest for CLDAP.

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#### B

##### **Collecting Interest Already Paid Out**

If a prompt payment interest payment has already been issued, then the interest payment shall be demanded back from the producer. County Offices shall:

- manually establish a receivable in CRS using program code “INTPEN” according to 61-FI

**Note:** This is not a CLDAP overpayment condition and overpayments shall not be “created” to establish the receivable.

- notify the producer of the debt by sending the system-generated initial notification letter to the producer
  - when the producer refunds the payment, apply the collection to the receivable according to 67-FI.
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